



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Mike Dunleavy, Governor
Julie Sande, Commissioner
Keith Kurber II, Chairman

Regulatory Commission of Alaska

July 7, 2023

In reply refer to: Finance Section
File: PC89-0423B
Letter Order No.: L2300195

Roxanne Drake-Burkhart
Controller
Inside Passage Electric Cooperative, Inc.
P.O. Box 210149
Auke Bay, AK 99821-0149

Dear Ms. Drake-Burkhart:

On July 6, 2023, the Commission approved updated **Permanent** Power Cost Equalization (PCE) amount(s) in cents per kilowatt-hour (¢/kWh) for Inside Passage Electric Cooperative, Inc. (IPEC), for the listed classes of customers as follows:

| | |
|--------------------------------------|--------|
| Residential | 42.61¢ |
| Small Community Facilities – All kWh | 42.61¢ |
| Large community Facilities – All kWh | 42.61¢ |

The revised PCE amount(s) result from the review of IPEC's Fuel Report filed on June 8, 2023. The PCE amount(s) are effective for bills rendered on or after July 7, 2023. A copy of the Commission Staff's recommendations and schedules are attached as an Appendix.

IPEC is reminded of its obligation under the PCE legislation to provide its customers with the notice specified in AS 42.45.120 or similar notice approved by the Alaska Energy Authority.

IPEC is also reminded of its obligation under 3 AAC 52.620 and 3 AAC 52.640 to notify the Commission of any change in its rates, surcharges, fuel costs, and/or efficiency of operation, and advises IPEC that a failure to comply with those reporting requirements could jeopardize continued participation in the program.

If IPEC believes that the calculation used to establish the PCE amount set out above is incorrect, it should seek reconsideration setting forth why it believes the calculation is in error. Any reconsideration request must be submitted within 15 days of the date of this Letter Order.

If you have any questions regarding the calculation of PCE amount(s), please contact Utility Financial Analyst Brenda Cox at (907) 263-2131.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA

Kevin AufDerHeide

Kevin AufDerHeide
Finance Section Manager

cc: Tim Sandstrom, Alaska Energy Authority

STATE OF ALASKA

**DEPARTMENT OF COMMERCE,
COMMUNITY & ECONOMIC DEVELOPMENT
REGULATORY COMMISSION OF ALASKA**

MIKE DUNLEAVY, GOVERNOR

701 WEST EIGHT AVENUE, SUITE 300
ANCHORAGE, ALASKA 99501-3469
PHONE: (907) 276-6222
FAX: (907) 276-0160
TTY/Alaska Relay: (800) 770-8973
WEBSITE: <http://rca.alaska.gov>

DATE: July 7, 2023

INVOICE#: 89-0423B

DATE DUE: August 6, 2023

Roxanne Drake-Burkhart
Controller
Inside Passage Electric Cooperative, Inc.
P.O. Box 210149
Auke Bay, AK 99821-0149

Fee for Commission Staff analysis and recommendations Re:

FILE #: PC89-0423B

LO #: L2300195

Fuel Report under the Power Cost Equalization Program

| | |
|-------------|--------------|
| Amount Due: | <u>\$ 39</u> |
|-------------|--------------|

| | |
|-------------------|--------------|
| TOTAL AMOUNT DUE: | <u>\$ 39</u> |
|-------------------|--------------|

MAKE CHECK PAYABLE TO: **STATE OF ALASKA**

PLEASE REMIT CHECK AND COPY OF THIS INVOICE TO:

**REGULATORY COMMISSION OF ALASKA
701 W. 8TH AVE., SUITE 300
ANCHORAGE, AK 99501-3469**

If you have any questions, please contact Naomi Johnston at (907) 263-2132 or
naomi.johnson@alaska.gov.

Inside Passage Electric Cooperative, Inc.

FILE #: PC89-0423B

Amount Due: \$ 39

LO #: L2300195

Check Number _____

Please tear along dotted line and submit payment with bottom portion. Thank you.

Power Cost Memorandum COPA

Date: July 6, 2023

| | | |
|--|---------------------------------------|------------------------------------|
| Utility Name (Cert. No.) (240) Inside Passage Electric Cooperative, Inc. | Utility File No. PC89-0423B | Date Filed: June 8, 2023 |
|--|---------------------------------------|------------------------------------|

| PCE AMOUNT SUMMARY | Previously Approved PC89-0423A | Staff Recommended Amount(s) and Effective Date PC89-0423B |
|--------------------------------------|--|--|
| Class Rate | <u>Date Approved:</u> July 1, 2023 | July 7, 2023 |
| Residential | \$ 0.3278 | \$ 0.4261 |
| Small Community Facilities - All kWh | \$ 0.3278 | \$ 0.4261 |
| Large Community Facilities - All kWh | \$ 0.3278 | \$ 0.4261 |
| | <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Interim | <input checked="" type="checkbox"/> Permanent <input type="checkbox"/> Interim |

| | |
|---|--|
| Prior Fuel Purchase Price: <u>\$ 3.9401</u> | New Fuel Purchase Price: \$ 3.6006 |
| Delivery Charge: <input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted | <input type="checkbox"/> Actual <input checked="" type="checkbox"/> Weighted |
| Surcharge Change: Previous <u>0.1526</u> | Updated <u>0.2561</u> |

Signed: Brenda Cox
Brenda Cox Utility Financial Analyst

Commission decision regarding this recommendation :

| | Date (if different from 7/6/23) | I CONCUR | I DO NOT CONCUR | I WILL WRITE A DISSENTING STATEMENT * |
|-----------|------------------------------------|-------------------|--------------------|---|
| Kurber | | <u>KMT</u> | | |
| Doyle | | <u>BD</u> | | |
| Espindola | | <u>KMT</u> For JE | | |
| Pickett | | <u>RMP</u> | | |
| Wilson | | <u>JWW</u> | | |

Special Instructions to Staff:

* If this column is initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

Inside Passage Electric Cooperative, Inc.

POWER COST EQUALIZATION CALCULATION
FOR TEST PERIOD ENDING December 31, 2022
COPA

| | PC89-0423A | PC89-0423B |
|--|---------------------------------|--|
| | Prior Commission Approval | Utility Request Staff Recommended |
| A. Total kWh Generated | 10,847,402 | 10,847,402 |
| B. Total kWh Sold (Appendix 2) | 10,411,892 | 10,411,892 |
| C. Total Non-Fuel Costs (Appendix 2) | 4,018,197 | 4,018,197 |
| D. Non-Fuel Cost/kWh (C/B) | \$0.3859 | \$0.3859 |
| E. Total Fuel and Purchased Power Costs (Appendix 2) | 0.1526 | 0.2561 |
| F. Eligible Costs/kWh (D+E) | \$0.5385 | \$0.6420 |
| G. Eligible Cost/kWh (F) Less 19.35 cents/kWh | \$0.3450 | \$0.4485 |
| H. Lesser of (H) or 80.65 cents/kWh | \$0.3450 | \$0.4485 |
| I. Average Class Rates (Appendix 3) | | |
| Residential | \$0.4378 | \$0.5413 |
| Small Community Facilities - All kWh | \$0.4798 | \$0.5833 |
| Large Community Facilities - All kWh | \$0.4403 | \$0.5438 |
| J. Lesser of: (H) x 95% or (I) | | |
| Residential | \$0.3278 | \$0.4261 |
| Small Community Facilities - All kWh | \$0.3278 | \$0.4261 |
| Large Community Facilities - All kWh | \$0.3278 | \$0.4261 |
| K. Funding Level in Effect | 100% | 100% |
| Residential | \$0.3278 | \$0.4261 |
| Small Community Facilities - All kWh | \$0.3278 | \$0.4261 |
| Large Community Facilities - All kWh | \$0.3278 | \$0.4261 |

PC89-0423B
Appendix 1

Inside Passage Electric Cooperative, Inc.

SCHEDULE OF ELIGIBLE POWER COSTS, SALES, AND EFFICIENCY
FOR TEST PERIOD ENDING December 31, 2022
COPA

| | PC89-0423A | PC89-0423B |
|--|---------------------------------|--|
| | Prior Commission Approval | Per Utility Staff Recommended |
| Non-Fuel Costs: | | |
| A. Operating Expenses (Acct 500-598) | 4,373,169 | 4,373,169 |
| B. General & Administrative (Acct. 901-935) | 1,333,279 | 1,333,279 |
| C. Depreciation | 540,931 | 540,931 |
| D. Interest Expense | 272,468 | 272,468 |
| E. Other Expense: Tax/Donations | 5,245 | 5,245 |
| F. Other (Describe) | | |
| Fuel Expense | (2,201,724) | (2,201,724) |
| Cost of Purchased Power | (215,882) | (215,882) |
| Waste Heat Revenue | (76,353) | (76,353) |
| Pole Attachment Revenue | (12,936) | (12,936) |
| G. Total Non-Fuel Costs | \$4,018,197 | \$4,018,197 |
| H. Total kWh Sold in Test Year January 2022 through December 2022 | 10,411,892 | 10,411,892 |
| I. Non-Fuel Cost/kWh (G/H) | \$0.3859 | \$0.3859 |
| COPA Fuel Costs: | | |
| J. Gallons Consumed (estimated) July - Sept., 2023) | \$108,349 | 136,671 |
| K. Price of Fuel (per gal) (July - Sept.2023) | \$3.9401 | \$3.6006 |
| L. Purchased Power (July - Sept. 2023) | \$59,537 | \$7,176 |
| M. Balancing Account estimated to June 30, 2023 | (\$101,244) | \$144,359 |
| N. Total Cost of Fuel (J*K)+L+M | 385,198 | 643,633 |
| O. Estimated kWh Sales in July-Sept. 2023 | 2,524,605 | 2,513,487 |
| P. Fuel Costs/kWh - COPA (N/O) | \$0.1526 | \$0.2561 |
| Q. kWh Sales | 10,411,892 | 10,411,892 |
| R. kWh Generated with Diesel | 7,562,095 | 7,562,095 |
| kWh Generated with Hydro | 3,285,307 | 3,285,307 |
| Total kWh Generated | 10,847,402 | 10,847,402 |
| S. Purchased Power | 831,360 | 831,360 |
| T. Fuel Consumption | 505,424 | 505,424 |
| U. kWh Station Service | 365,659 | 365,659 |
| V. Efficiency Standard | | |
| ≥ 12.5 (kWhs generated per gallons consumed) | 14.96 | 14.96 |
| W. Line Loss ≤ 12% | 7.72% | 7.72% |
| (kWh generated or purchased -(kWh sales + Station Service))/kWh generated or purchased | | |

PC89-0423B
Appendix 2

Inside Passage Electric Cooperative, Inc.

CALCULATION OF AVERAGE CLASS RATE PER kWh

Surcharge: 0.2561

Rate Schedule: **Residential**

Customer Charge (CC): 11

| (1) Block (by kWh) | (2) Rate (\$/kWh) | (3) Surcharge (\$/kWh) | (4) Total (\$/kWh) (2+3) | (5) Total \$ (1x4)+CC | (6) Avg. (\$/kWh) (5)/(1) | (7) Avg. Rate (\$/kWh) - \$ 0.1935 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|--------------------------------|------------------------------------|---|
| 0 to 750 | 0.4640 | 0.2561 | 0.7201 | 551.0750 | 0.7348 | 0.5413 |
| to | | | | | | |
| to | | | | | | |
| to | | | | | | |
| Max 750 | Total | | | | | |

Rate Schedule:

| (1) Block (by kWh) | (2) Rate (\$/kWh) | (3) Surcharge (\$/kWh) | (4) Total (\$/kWh) (2+3) | (5) Total \$ (1x4) | (6) Avg. (\$/kWh) (5)/(1) | (7) Avg. Rate (\$/kWh) - \$ 0.1935 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---|
| 0 to 500 | | | | | | |
| to | | | | | | |
| to | | | | | | |
| to | | | | | | |
| Max 750 | Total | | | | | |

Rate Schedule:

| (1) Block (by kWh) | (2) Rate (\$/kWh) | (3) Surcharge (\$/kWh) | (4) Total (\$/kWh) (2+3) | (5) Total \$ (1x4) | (6) Avg. (\$/kWh) (5)/(1) | (7) Avg. Rate (\$/kWh) - \$ 0.1935 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---|
| 0 to 500 | | | | | | |
| to | | | | | | |
| to | | | | | | |
| to | | | | | | |
| Max 750 | Total | | | | | |

Inside Passage Electric Cooperative, Inc.

CALCULATION OF COMMUNITY FACILITY AVERAGE RATE PER kWh

Rate Schedule: **Small Comm. Fac.** Customer Charge (CC): 17

| (1) Block | (2) Rate/ kWh | (3) Surcharge (\$/kWh) | (4) Total (\$/kWh) (2+3)+(CC/750) | (6) Average Rate(\$/kWh)- \$ 0.1935 |
|--------------|---------------------|------------------------------|--|--|
| 0 to ∞ | 0.4980 | 0.2561 | 0.7768 | 0.5833 |
| | | | | |
| | | | | |
| | | | | |

Rate Schedule: **Large Comm. Fac.** Customer Charge: 55

| (1) Block | (2) Rate/ kWh | (3) Surcharge (\$/kWh) | (4) Total (\$/kWh) (2+3)+(CC/750) | (6) Average Rate(\$/kWh)- \$ 0.1935 |
|--------------|---------------------|------------------------------|--|--|
| 0 to ∞ | 0.4079 | 0.2561 | 0.7373 | 0.5438 |
| | | | | |
| | | | | |
| | | | | |

Rate Schedule:

| (1) Block | (2) Rate/ kWh | (3) Surcharge (\$/kWh) | (4) Total (\$/kWh) (2+3) | (6) Average Rate(\$/kWh)- \$ 0.1935 |
|--------------|---------------------|------------------------------|-----------------------------------|--|
| 0 to | | | | |
| to | | | | |
| to | | | | |
| | | | | |

Signature: Keith Kurber II
Keith Kurber II (Jul 6, 2023 09:19 AKDT)

Email: keith.kurber@alaska.gov

Signature: Bob Doyle
Bob Doyle (Jul 6, 2023 09:23 AKDT)

Email: bob.doyle@alaska.gov

Signature: Bob Pickett
Bob Pickett (Jul 6, 2023 10:15 AKDT)

Email: bob.pickett@alaska.gov

Signature: Janis W. Wilson
Janis W. Wilson (Jul 6, 2023 11:04 AKDT)

Email: janis.wilson@alaska.gov